ONE HUNDRED SIXTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON GOVERNMENT REFORM

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March 21, 2000

BY FACSIMILE

The Honorable Jay E. Hakes
Administrator
Energy Information Administration
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Mr. Hakes:

I am writing to request that the Energy Information Administration (EIA) update its April 14, 1999 report entitled "Analysis of the Climate Change Technology Initiative," to take into account any proposed changes in the President's Fiscal Year (FY) 2001 Budget to the tax credit component of the Climate Change Technology Initiative (CCTI).

The President's FY 2001 Budget requests a five-year $4.0 billion package of tax incentives to help reduce greenhouse gas emissions, a significant increase over the Clinton-Gore Administration's $3.6 billion request in FY 2000. I am concerned that the Administration has learned nothing from EIA's analysis of the FY 2000 CCTI tax credits, commissioned by House Science Committee Chairman James Sensenbrenner and former Ranking Minority Member George Brown on March 2, 1999, nor from EIA's September 1, 1999 elaboration of certain aspects of that analysis, requested by me on June 8th.

I am particularly interested in EIA's analysis of the cost, feasibility, and equity of the CCTI tax credit proposals. Pursuant to the Constitution and Rules X and XI of the United States House of Representatives, I request that EIA address the following questions in the updated report:

- For each of the proposed CCTI tax credits, what is the average cost (revenue loss) per ton of carbon reduced or avoided?

- Which, if any, of the CCTI tax credits costs less, in lost revenue, than $14 to $23 per ton of carbon reduced or avoided -- the Council of Economic Advisors' estimate of the per-ton cost of implementing the Kyoto Protocol?

- What percentage of each CCTI tax credit would go to "free riders" -- people or businesses who would have purchased the energy efficient product or made the energy efficiency investment anyway, without a special tax preference or inducement?

- Compared to EIA's Annual Energy Outlook 2000 (AEO2000) baseline, what are the likely impacts of the CCTI tax credit proposals on energy efficiency and carbon emission trends?

Finally, although the CCTI nuclear energy program is a spending program rather than a tax credit, please assess the Administration's claim that the proposed $5 million nuclear energy expenditure will "help offset carbon emissions of more than 150 million metric tons of carbon equivalent per year by helping to ensure the continued safe operation of nuclear power plants." As you may recall, last year, using EIA and Nuclear Regulatory Commission data, I challenged that 150 million metric ton figure as a huge overestimate in two letters to the Department of Energy (August 18th and December 14th). Since the nuclear program is the only element of the CCTI that appears to deliver substantial bang for the buck, EIA's updated analysis should include an assessment of that particular proposal.

Please complete EIA's updated analysis of the CCTI tax credit proposals by April 10, 2000. The updated analysis should be delivered to the majority and minority staffs of the House Government Reform Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs in Rayburn House Office Building, rooms B-377 and B-350A, respectively. Please also deliver copies to the House Science Committee majority staff in Rayburn House Office Building, room 2320, and minority staff, in H1-822. If you have any questions about this request, please call Subcommittee Staff Director Marlo Lewis at 225-1962.

Sincerely,

David McIntosh

David M. McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

cc: The Honorable Dan Burton
The Honorable Dennis Kucinich
The Honorable Don Nickles
The Honorable F. James Sensenbrenner, Jr.
The Honorable Ralph Hall
The Honorable Larry Craig